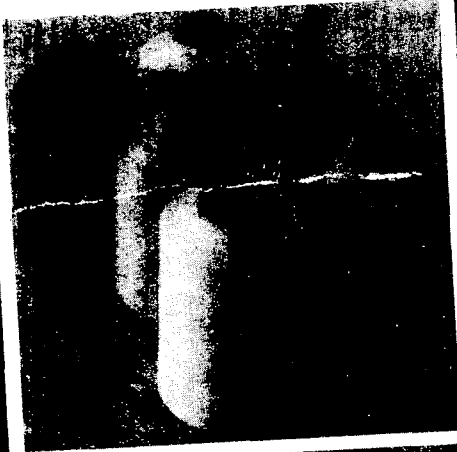


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BANNARI AMMAN
Spinning Mills Ltd.



BANNARI AMMAN
Spinning Mills Ltd.

BOARD OF DIRECTORS	:	Dr S V BALASUBRAMANIAM - CHAIRMAN SRI S V ALAGAPPAN - VICE CHAIRMAN SRI S V ARUMUGAM - MANAGING DIRECTOR SRI S K SUNDARARAMAN - EXECUTIVE DIRECTOR Dr S V KANDASAMI - DIRECTOR SRI A SENTHIL - DIRECTOR SRI V VENKATA REDDY - DIRECTOR Dr K R THILLAINATHAN - DIRECTOR SRI S PALANISWAMI - DIRECTOR SRI K N V RAMANI - DIRECTOR SRI C S K PRABHU - DIRECTOR SRI K SADHASIVAM - DIRECTOR
COMPANY SECRETARY	:	SRI N KRISHNARAJ
AUDITORS	:	M/s P. N. RAGHAVENDRA RAO & CO CHARTERED ACCOUNTANTS COIMBATORE - 641 009
BANKERS	:	THE KARUR VYSYA BANK LIMITED CORPORATION BANK ICICI BANK LIMITED ORIENTAL BANK OF COMMERCE INDIAN OVERSEAS BANK BANK OF MAHARASTRA INDIAN BANK
REGISTERED OFFICE	:	252, METTUPALAYAM ROAD, COIMBATORE 641 043 TAMILNADU
SPINNING DIVISION	:	<u>UNIT I</u> NADUKANDANUR PIRIVU, MOREPATTY POST, VADAMADURAI, DINDIGUL 624 802, TAMILNADU : <u>UNIT II</u> VELVARKOTTAI, DINDIGUL TRICHY NATIONAL HIGHWAY 45, VEDASANDUR TALUK, DINDIGUL - 624 803, TAMILNADU
WEAVING DIVISION	:	COIMBATORE - SATHY ROAD, KUNNATHUR VILLAGE, GANESAPURAM (POST) SS KULAM (VIA), COIMBATORE 641 107, TAMILNADU KARANAMPET - PARUVAI ROAD PARUVAI POST, COIMBATORE - 641 658, TAMILNADU
WINDMILL DIVISION	:	<u>UNIT I</u> IRUKANDURAI VILLAGE, DHANAKARKULAM VILLAGE, RADHAPURAM TALUK, TIRUNELVELI DISTRICT, TAMILNADU <u>UNIT II</u> CHINNAPUDUR VILLAGE, DHARAPURAM TALUK, ERODE DISTRICT, TAMILNADU



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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 18th Annual General Meeting of the Members of Bannari Amman Spinning Mills Limited will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037 on the 29th day of September 2008 at 10.15 AM to transact the business set out in the agenda given below:

AGENDA

ORDINARY BUSINESSES

1. To receive and adopt the Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Dr S V Kandasami, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri A Senthil, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri V Venkata Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESSES

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :
RESOLVED THAT Dr K R Thillainathan, who was co-opted as an additional Director of the Company on 26.05.2008 and who holds office upto to the date of the ensuing 18th Annual General Meeting, be and is hereby appointed as a Director of the Company.
8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
RESOLVED THAT Sri S Palaniswami, who was co-opted as an additional Director of the Company on 26.05.2008 and who holds office upto to the date of the ensuing 18th Annual General Meeting, be and is hereby appointed as a Director of the Company.
9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
RESOLVED that pursuant to Sections 198, 269, and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded for the increase in the remuneration payable to Sri S.V.Arumugam, Managing Director with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010), as detailed below:
SALARY: Rs 2,00,000/- per month (Rupees Two Lakhs only).



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PERQUISITES:

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- (B) Gratuity at the rate of half a month's salary for each completed year of service.
- (C) Encashment of leave at the end of the tenure as per the rules of the Company.

OTHER PERQUISITES:

As may be decided by the Board of Directors of a value not exceeding annual salary.

If in any Financial Year, the perquisites stated above are not availed in full, the unavailed portion thereof may be encashed at the end of the year or carried over to be availed in any subsequent year or at the end of the term, either by encashment or by availing of the perquisite.

COMMISSION:

2% of the Net Profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act, 1956.

MINIMUM REMUNERATION:

Where in any financial year, during the tenure of appointment of the Managing Director, the Company has no profits or if profits are inadequate it may pay him remuneration by way of salary and perquisites up to the amounts listed above, subject to the limit as per scale of remuneration prescribed in Section II of Part II in Schedule XIII of the Companies Act, 1956.

10. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :

RESOLVED that pursuant to Sections 198, 269, and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded for the increase in the remuneration payable to Sri S K Sundararaman, Executive Director with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010):

SALARY : Rs 1,25,000/- per month (Rupees One Lakh twenty five thousand only).

PERQUISITES:

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- (B) Gratuity at the rate of half a month's salary for each completed year of service.
- (C) Encashment of leave at the end of the tenure as per the rules of the Company.



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OTHER PERQUISITES:

As may be decided by the Board of Directors of a value not exceeding annual salary.

If in any Financial Year, the perquisites stated above are not availed in full, the unavailed portion thereof may be encashed at the end of the year or carried over to be availed in any subsequent year or at the end of the term, either by encashment or by availing of the perquisite.

COMMISSION:

1% of the Net Profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act, 1956.

MINIMUM REMUNERATION

Where in any financial year, during the tenure of appointment of the Executive Director, the Company has no profits or if profits are inadequate it may pay him remuneration by way of salary and perquisites up to the amounts listed above, subject to the limit as per scale of remuneration prescribed in Section II of Part II in Schedule XIII of the Companies Act, 1956.

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 25.9.2008 to 29.9.2008 (both days inclusive)
4. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 29.9.2008. In respect of dematerialized shares, dividend will be paid on the basis of the beneficial ownership furnished by the National Security Depository Limited and Central Depository Services (India) Limited at the end of the business hours on 24.9.2008.
5. The dividend remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956 on the respective due dates; upon such transfer, no claim shall lie against the company or the Central Government for such unclaimed dividend.
6. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special businesses under Items 7 to 10 is annexed
7. Members are requested to bring their copy of the Annual Report along with them to the meeting.

BY ORDER OF THE BOARD
S V BALASUBRAMANIAM
Chairman

Coimbatore
30th June 2008



BANNARI AMMAN
Spinning Mills Ltd.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 7 :

Dr K R Thillainathan was appointed as an Additional Director of the company with effect from 26.05.2008, to hold office upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director. The company has received a notice in terms of Section 257 of the Companies Act, 1956 alongwith the required deposit amount proposing his candidatures. Further information about the appointee as required to be furnished under Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

None of the Directors except Dr K R Thillainathan, the appointee, is interested in the above resolution.

Item No. 8 :

Sri S Palaniswami was appointed as an Additional Director of the company with effect from 26.05.2008, to hold office upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director. The company has received a notice in terms of Section 257 of the Companies Act, 1956 alongwith the required deposit amount proposing his candidatures. Further information about the appointee as required to be furnished under Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

None of the Directors except Sri S Palaniswami, the appointee, is interested in the above resolution.

Item No. 9 :

Considering the increase in volume of business, duties and responsibilities on account of the implementation of the ongoing expansion and modernisation projects, the Board of Directors have proposed to increase the remuneration payable to Sri S.V.Arumugam, Managing Director, with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010). The aforesaid increase in remuneration was also approved by the Remuneration committee.

The terms and conditions of appointment are set out in the text of the resolution contained in the Notice of the Annual General Meeting, which may also be treated the Notice required under Section 302 of the Companies Act, 1956.

The remuneration proposed is within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Necessary resolutions are placed before the Members for their approval.

None of the Directors except Sri S V Balasubramaniãm, Sri S V Alagappan, Dr S V Kandasami, Sri S V Arumugam (the appointee) and Sri.A.Senthil is interested in this item of the Agenda.

Item No. 10 :

Considering the increase in volume of business, duties and responsibilities on account of the implementation of the ongoing expansion and modernisation projects, the Board of Directors have proposed to increase the remuneration payable to Sri S K Sundararaman, Executive Director, with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010). The aforesaid increase in remuneration was also approved by the Remuneration committee.

The terms and conditions of appointment are set out in the text of the resolution contained in the Notice of the Annual General Meeting, which may also be treated the Notice required under Section 302 of the Companies Act, 1956.

The remuneration proposed is within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Necessary resolutions are placed before the Members for their approval.

None of the Directors except Dr S V Kandasami and Sri S K Sundararaman is interested in this item of the Agenda.



BANNARI AMMAN Spinning Mills Ltd.

RE-APPOINTMENT OF DIRECTORS

A brief resume in respect of the proposed re-appointment of Directors is given below in terms of Clause 49 of the Listing Agreement.

Name : **Dr S V Kandasami**
 Age : 65 years
 Qualification : M. Ch (Urology)
 Date of Appointment : 15.05.2006
 Experience : He has more than 32 Years of experience in Medical profession.
 Other Directorships : Annamalai Infrastructures Limited
 Bannariamman Finance Limited
 Coimbatore Agro Industries Limited
 Kerala Alcoholic Products Limited
 Shiva Cargo Movers Limited
 Anamallais Agencies Private Limited
 Annamalai Estate's Private Limited
 Annamalai Retreading Company Private Limited
 Bannari Amman Automobiles Private Limited
 Bannari Amman Infrastructures Private Limited
 Bannari Techno Park Private Limited
 Shiva Automobiles Private Limited
 Sundar Ram Enterprise Private Limited
 Vedanayagam Hospital Private Limited

Member of Committees in other Public Limited Companies : Nil
 Number of Shares held in the Company : 1,252

Name : **Sri V Venkata Reddy**
 Age : 69 Years
 Qualification : M.B.A
 Date of Appointment : 15.05.2006
 Experience : He has more than 40 years of experience in Industry/Business
 Other Directorships : Shiva Hi Tech Infrastructure Limited
 Bannari Amman Sugars Ltd
 Shiva Teyarn Ltd
 Sri Balaji Pilgrim Comforts P Ltd
 Sri Kollapuri Amma Enterprises P Ltd
 Sri Kollapuri Amma Agro Industries P Ltd

Member of Committees in other Public Limited Companies : Shiva Teyarn Limited :
 Investors Grievance Committee - Chairman
 Remuneration Committee - Chairman
 Bannari Amman Sugars Ltd:
 Audit Committee - Chairman
 Remuneration Committee - Chairman
 Shareholders Committee-Member

Number of Shares held in the Company : Nil



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Name : **Sri A Senthil**
 Age : 32 years
 Qualification : B.Com, M.B.A
 Date of Appointment : 15.05.2006
 Experience : 6 Years
 Other Directorships : Shiva Texyarn Limited
 Anamallais Agencies Private Limited
 Bannari Amman Automobiles Private Limited
 Murugan Enterprise Private Limited
 Sakthi Murugan Transport Private Limited
 Member of Committees in other Public Limited Companies : Nil
 Number of Shares held in the Company : Nil

Name : **Dr K R Thillainathan**
 Age : 55 years
 Qualification : MBBS
 Date of Appointment : 26.5.2008
 Experience : 30 Years
 Other Directorships : Shiva Texyarn Limited
 Member of Committees in other Public Limited Companies : Nil
 Number of Shares held in the Company : Nil

Name : **Sri S Palaniswami**
 Age : 66 years
 Qualification : BE
 Date of Appointment : 26.5.2008
 Experience : 40 Years
 Other Directorships : Shiva Texyarn Limited
 Member of Committees in other Public Limited Companies : Nil
 Number of Shares held in the Company : Nil

Coimbatore
30.6.2008

BY ORDER OF THE BOARD
S V BALASUBRAMANIAM
Chairman



BANNARI AMMAN
Spinning Mills Ltd.

CHAIRMAN'S LETTER

Dear Shareholders,

We stand today in challenging times for the textile industry in our nation and the world as a whole. Various factors like high raw material costs, power demand and forex fluctuations have contributed to a dynamic situation in our industry, yet it is in times of challenge that opportunities arise.

We have, I believe, planned well for facing these challenges. Our spinning expansion is complete and fully functional, a cutting edge unit that will lend a huge edge to our competitiveness. Forward integration in the form of weaving is also complete, paving the path to value addition. Our unit for high value textiles and technical textiles has also been commissioned recently, as have our captive power generation units.

The scenario for the future will entail competition on a global scale without protective barriers and increased costs in all fronts. We are confident that our scale and efficiency of operations combined with our relentless drive for quality will continue to be recognized by the market and propel us to greater achievement in coming years.

A handwritten signature in black ink, appearing to read 'S V Balasubramaniam', is written over a light-colored background.

(S V BALASUBRAMANIAM)

Chairman

